

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1841
ANSWERED ON:26.07.2002
VIOLATION OF LAW BY COMPANIES
MADAN PRASAD JAISWAL

Will the Minister of FINANCE be pleased to state:

- (a) whether the DCA is conducting investigations against a number of companies in connection with violation of company laws;
- (b) if so, the details thereof;
- (c) whether the above mentioned companies include the companies operating in share markets;
- (d) if so, names thereof and the names of their promoters; and
- (e) the amount involved in the scams committed by such share companies and nature of irregularities committed by them?

Answer

MINISTER OF FINANCE & COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (e) Yes, Sir. During the period from 01-04-2001 to 31-03-2002, 98 inspections were ordered related to the 'Stock Market Scam' of 2001. 78 of these companies were broking companies dealing in the share market. Various offences such as those relating to loans to Directors (Section 295), inter-corporate deposits/loans (Section 372A), acceptance of deposits without complying with the rules (Section 58A), not presenting a true and fair picture of the balance sheet (Section 211) etc, have been committed by these companies. In these inspections, so far 497 prosecutions against 73 companies have been launched.